



Quality is Our Bottom Line

Connecticut Association of Health Plans

**Testimony Submitted in Opposition to
HB 5439 AAC Notice of Changes in Prescription Drug Coverage.**

**Insurance Committee Public Hearing
Tuesday, February 8th, 2011**

The Connecticut Association of Health Plans respectfully urges the Committee's rejection of HB 5439.

Pharmacy is one the single largest drivers of health insurance cost in Connecticut. On average, prices increase between 15% to 20% a year.

The reasons for such increases are varied. The number of overall prescriptions issued has increased dramatically in recent years as new products come on line faster as a result of quicker FDA approval and, as always, consumer demand continues to escalate. In addition, the rapidly aging baby boomer population adds appreciable demand that shows no sign of abating.

Understandably, employers who generally pay the bulk of health insurance premiums are looking to health plans to provide some means of cost control that will allow them to continue providing a pharmacy benefit which is not required by state law. The bill before you would compromise the ability of health plans to provide affordable pharmacy benefits by requiring that insurers provide their insureds with 6 months notice before making any changes in their prescription drug coverage.

Aside from general cost concerns, this bill presents serious logistical issues that make it impractical, if not impossible, to implement. Employers choose the pharmacy cost sharing arrangements for their plans and they often don't make their choices until a month or two before renewal. If this bill were enacted, employers would simply choose a different carrier each year in order to escape the onerous provisions of the bill which would ultimately cause significant disruption in the marketplace not only for insurers and providers, but most importantly for consumers.

Furthermore, if a member is subject to a deductible or coinsurance for drugs, out-of-pocket expenses increase when the price of the drug increases. Health plans have no role in those increases. It seems that the goal of the legislation before the Committee is to protect consumers from changes in their cost sharing arrangements, but if passed the bill would simply shift the cost from co-pays and deductibles to premiums instead. The underlying cost of a drug remains the same whether it's paid for via cost sharing or by some other measure and HB 5439 does nothing to address those underlying costs. We would therefore respectfully urge its rejection. Employers need the flexibility that cost sharing mechanisms afford.

Many thanks for your consideration.